

**NEW JERSEY DIVISION OF TAXATION  
TECHNICAL BULLETIN**

---

**DISTRIBUTION: C, INCLUDING FIELD**

**TB-37**

**FOR RELEASE: INTERNAL ONLY**  
**OUTSIDE DIVISION**       X      

**ISSUED: 1-17-95**

**TAX: CORPORATION BUSINESS TAX**

**TOPIC: TREATMENT OF MEALS AND ENTERTAINMENT EXPENSES ON  
FORM CBT-100S**

---

A New Jersey S corporation is permitted to deduct the portion of meals and entertainment expenses that is not deductible for Federal purposes in computing the New Jersey S corporation income that is passed through to its shareholders.

An entry should be made on Schedule K, Part II, Line 4 of the 1994 Form CBT-100S to indicate the meals and entertainment expenses not deductible for Federal purposes. A rider explaining the entry should be attached to the return, since Line 4, Part II of Schedule K is normally used for entering Section 179 expense from the Federal Schedule K.

In computing the 2.35% Corporation Business Tax, any meals and entertainment expenses not deductible for Federal purposes would not be deductible in computing the New Jersey Corporation Business Tax, and would be reported on Schedule C as a book expense not deducted on the tax return.

*For more information, contact the Division's Tax Hotline at 609-588-2200 or write to the Division of Taxation, Taxpayer Services Branch, Office of Communication, CN 281, Trenton, NJ 08646-0281. Many commonly used State tax forms are now available by fax through the Division's NJ TaxFax service. Call NJ TaxFax from your fax machine's phone at 609-588-4500 to obtain the form you need or a list of available forms. The form(s) referenced in this bulletin may **not** be currently available on NJ TaxFax.*